



Travis County Commissioners Court Agenda Request

Meeting Date: November 20, 2012

Prepared By/Phone Number: Yolanda Reyes, (512)854-9106

Elected/Appointed Official/Dept. Head: Leslie Browder, County Executive, Planning and Budget

for Leslie Browder
Commissioners Court Sponsor: Judge Samuel T. Biscoe

AGENDA LANGUAGE: CONSIDER AND TAKE APPROPRIATE ACTION ON PROPOSED DEFEASANCE OF COUNTY DEBT RELATED TO PROPOSITION THREE, 2001 VOTER APPROVED BONDS.

BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS:
Please see attached documentation

STAFF RECOMMENDATIONS: Please see attached documentation

ISSUES AND OPPORTUNITIES: Please see attached documentation

FISCAL IMPACT AND SOURCE OF FUNDING: Please see attached documentation.

REQUIRED AUTHORIZATIONS:

Leslie Browder – Planning and Budget Office, (512)854-9106

Leroy Nellis – Planning and Budget Office, (512)854-9106

Jessica Rio – Planning and Budget Office, (512)854-9106

County Judge's Office, (512)854-9555

AGENDA REQUEST DEADLINE: All agenda requests and supporting materials should be submitted as a pdf to the County Judge's office, agenda@co.travis.tx.us by **Tuesdays at 5:00 p.m.** for the next week's meeting.

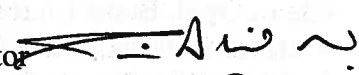
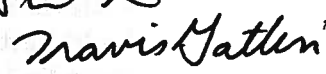
**PLANNING AND BUDGET OFFICE
TRAVIS COUNTY, TEXAS**



700 Lavaca Street
P.O. Box 1748
Austin, Texas 78767

MEMORANDUM

TO: Commissioners Court

FROM: Jessica Rio, Budget Director 
Travis Gatlin, Assistant Budget Director 

DATE: November 13, 2012

SUBJECT: Request to proceed with defeasance of County debt related to 2001
Voter Approved Bonds - Proposition 3

Travis County voters approved \$32,725,000 in November 2001 (Proposition 3) for the purchase of Right-of-Way to support State projects on FM 1826 and State Highway 45 North. We have attached the original bond brochure for your information. This briefing is intended to provide the Court with additional information on these projects and an update on the County's recommended next steps. Travis County has no further financial obligation to either project listed in Proposition 3. The County was notified that the SH 45 North project only required \$19.3 million to complete the right-of-way acquisition. County staff then worked with TxDOT to amend the agreement with that agency to de-obligate further capital project funds. In fact, the County received a refund totaling \$5.2 million related to this project in 2010. Nevertheless, the County could not proceed with any action on the savings until final settlement on FM 1826 was achieved. Late last year, we received a copy of a minute order rescinding a Travis County obligation to furnish right-of-way and utility adjustments and the costs of all engineering and improvements for FM 1826 from Davis Lane North to US 290.

Ideally, these funds, totaling approximately \$24.3 million, would be used for other County projects because they have been approved by voters and issued. However, because the proposition only lists these two very specific projects and does not provide further flexibility to the Court to use savings on other County road projects, there appears to be no other project for which these amounts may be used under state law. We have been advised that federal tax law prohibits an issuer from allowing bonds to remain outstanding longer than is otherwise necessary to accomplish the purpose of the bonds and, when there are unexpected excess proceeds, federal tax law permits the excess proceeds to be used to defease related bonds. Because this is the case, we have worked with the County Auditor's Office, the County's Financial Advisor and the County's Bond Counsel to propose a defeasance of the associated debt that meets all applicable state and federal tax law. An initial analysis by First Southwest, under the direction of the County's Financial Advisor, indicates that approximately \$20.8 million in gross savings can be realized from this action. The difference between the project balances and the estimated gross savings is related to the negative arbitrage that arises due to the need to purchase escrow securities in an amount that will be sufficient to pay the redemption amounts, when due on bonds not yet callable. The escrowed funds will earn interest at a lower rate than the defeased bonds which results in the negative arbitrage.

We recommend that the Commissioners Court authorize staff to work with the County's Financial Advisor and Bond Counsel to bring a defeasance plan that provides the County with the best and most efficient way within the law to execute this transaction. This work will include First Southwest working under the direction of the Financial Advisor, as well as engagement of a verification agent. The defeasance of these bonds will essentially reduce the County's overall debt service requirements.

CC **Leslie Browder**
 David Escamilla
 Leroy Nellis
 Tom Nuckols
 Glenn Opel, Bond Counsel
 Victoria Ozimek, Bond Counsel
 Ladd Pattillo, Travis County Financial Advisor
 Dava Poli, Bracewell & Giuliani
 Nicki Riley
 Hannah York



Special Announcement
Travis County Bond Election
Tuesday
November 6, 2001

Travis County will have a bond election on Tuesday, November 6. *Early voting will begin Monday, October 22 and will end Friday, November 2.* For more information about Early Voting or Election Day polling locations and hours, contact the Travis County Elections Division at **238-VOTE (238-8683)** or visit the Travis County web site at www.co.travis.tx.us.



Why do we have bond elections?

Bond elections allow voters to approve or reject long-term financing for major County Capital Improvement Projects. Financing projects through bond authorizations allows the County to pay for improvements over 20 years, rather than funding the projects with current funds. This method of financing allows for the current and the next generation of citizens to pay their share of the cost of the improvement.



What are bonds?

Bonds are sold to borrow money to pay for major capital projects such as roads, bridges and parks. The proposed bonds are general obligation bonds and will be repaid over the next twenty years from property taxes.

Total Cost of Bond Package: \$184,955,000

Proposition	Amount
1. Local Roads, Drainage, Bridges and Pedestrian Access	\$57,430,000
2. County Park Projects	28,600,000
3. SH 45 N and FM 1826 Right Of Way	32,725,000
4. SH 130 Right Of Way	66,200,000

This brochure is designed to provide a general description of the bond propositions placed on the ballot by the Travis County Commissioners Court. For more information on these bond projects, contact Travis County Transportation and Natural Resources staff at 473-9383

1. Local Roads, Drainage, Bridges and Pedestrian Access

These projects include approximately 13- road capacity/safety, 2 pedestrian-way projects, 2 road related drainage projects and 6 bridges. The proposal is intended to decrease congestion and improve safety on Travis County roads. See map insert for details.

Total Cost of Projects \$57,430,000

2. County Park Projects

This category includes improvements and renovations in two existing regional parks, as well as the purchase and development of land for 2 metro parks to be located in Southwest and East Travis County.

- Southeast Metro Park Phase II – Construct infrastructure, utilities, facilities, and landscape improvements associated with the following: sports area including adult ball fields (lighted) and youth ball fields (lighted); a picnic area with pavilion and restrooms; acquire a tract of land on a bluff that overlooks Onion Creek.
- Northeast Metro Park Phase II – Construct infrastructure, utilities, facilities, and landscape improvements associated with soccer fields (lighted), basic multi-use fields, restroom/concession building, group shelter, and tot/kid playscape. Develop an additional 59 acres tract, infrastructure, utility, facility and landscape improvements associated with youth ball fields (lighted), and restroom/concession buildings.
- East Metro Park - Acquire acreage and construct infrastructure, utilities, facilities and landscape

improvements associated with ball/soccer fields (lighted), multi-use courts, restroom/concession building, picnic facilities, tot/kid playscape, hiking trails and associated infrastructure.

- Southwest Metro Park – Acquire land and construct infrastructure, and landscape improvements associated with multi-use fields (lighted), restroom/concession building.

Total Cost of Projects: \$28,600,000

3. SH 45N and FM 1826 Right of Way Projects

This proposition provides funds for the acquisition of right-of-way within the unincorporated area of Travis County for State Highway 45 N between Anderson Mill Road and FM 685 and for FM 1826 between US 290 W and Slaughter Lane.

Total Cost of Projects: \$32,725,000

4. SH 130 East Right of Way Project

This project provides additional funds for the acquisition of right-of-way within the unincorporated area of Travis County for SH 130. The use of County bond funds will be restricted to SH 130, the eastern route that is generally described in the Final Environmental Impact Statement approved by the Federal Highway Administration.

Total Cost of Project: \$66,200,000

Note: Project scopes described herein are currently proposed and are subject to change

Estimated Cost Impact on Homestead Owner

<i>Year</i>	Estimated Cost per Homestead			
	FY 02	FY 04	FY 06	FY 08
Projected Value of the Average Homestead*	\$172,669	\$184,963	\$196,227	\$208,178
Estimated Cost for the Average Homestead	-	\$34.99	\$38.87	\$36.98
Estimated Cost for a Homestead Valued at \$100,000*	-	\$20.27	\$22.51	\$21.42

*According to Travis Central Appraisal District, the average appraised value of property with a homestead exemption is \$172,669 for FY 02. The projections shown above for homesteads assume a 4% increase in values for FY 03 and 3% for each year thereafter.